

Fed's Inflation Gauge in Focus as Rate Cut Speculation Grows, Tech Stocks Mixed as AI Giant NVIDIA Drops, and Wall Street Closed Mixed.

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The U.S. and European stocks began with mixed results, as strong stock rotations are impacting both the S&P 500 and the Nasdaq Composite, which started with NVIDIA last week after it rose above Microsoft in market capitalization.

Last week, NVIDIA experienced its first weekly decline of -4.03% since April, and today, it closed at \$118.11, for a total decline of 10.93%. The company is a central player in the AI development sphere and has seen a 15% increase in June and a 136.30% rise year-to-date.

The magnificent seven stocks have the following YTD Returns:

1. Amazon 22.09% YTD Return
2. Alphabet 28.46% YTD Return
3. Apple 8.35% YTD Return
4. Meta Platform 40.89% YTD Return
5. Microsoft 19.05% YTD Return
6. NVIDIA 136.30% YTD Return
7. Tesla -26.63% YTD Return

Global markets are mixed. European markets closed higher, with the automotive sector's stocks climbing, while Asian stocks are down ahead of upcoming inflation reports from Australia and Japan.

This week, the focus is on inflation and politics. The economic calendar is sparse, with the highlight being the Fed's preferred inflation gauge, the core PCE (personal consumption expenditures price index), due on Friday. The Inflation Nowcasting has the PCE at 2.62% and the Core PCE at 2.56%. Based on recent consumer and producer price data, predictions suggest a continued easing of inflation, potentially setting the stage for the Fed's first rate cut of this cycle post-summer. Core PCE may slow to a 0.1% increase in May, the year's slowest, bringing annual inflation down to 2.62%, the lowest since March 2021. Current market pricing suggests a 64% probability of a rate cut in September, followed by another in December. This outlook hinges on continued moderation in inflation over the next three months, with monthly price increases needing to stay at or below 0.2%. Regardless of the exact timing of the cuts, the Fed is on the cusp of a multiyear rate-cutting cycle to normalize policy. Investors will also monitor political events, including the first U.S. presidential debate between Joe Biden and Donald Trump on Tuesday and the initial voting round of the French parliamentary election on Sunday.

June is poised to close on a positive note, continuing this year's equity gains. However, these gains have been uneven, driven mainly by AI-related and mega-cap tech stocks. The top 10 stocks by market capitalization in the S&P 500 now comprise 37% of the index, marking the highest

concentration in 30 years. This trend highlights two key points: the vibrancy of innovation, particularly in AI, which promises productivity boosts across various sectors, and diversification's importance in managing portfolio risk. While tech stocks may need a pause, other market segments show potential for gains. As earnings momentum broadens and the Fed initiates rate cuts, market leadership might diversify in the latter half of the year.

Key Economic Data:

- **U.S. Retail Gas Price:** rose to \$3.556, up from \$3.551 last week, increasing a change of 0.14% from last week and -4.07% from one year ago.
- **Germany Ifo Business Climate Index:** fell to 88.60, down from 89.30 last month.
- **Germany Ifo Business Expectations Index:** fell to 89.00, down from 90.30 last month.
- **Germany Ifo Business Situation Index:** is unchanged at 88.30, from 88.30 last month, decreasing -5.76% from one year ago.

Eurozone Summary:

- **Stoxx 600:** Closed at 518.87, up 3.76 points or 0.73%.
- **FTSE 100:** Closed at 8,281.55, up 43.83 points or 0.53%.
- **DAX Index:** Closed at 18,325.58, up 162.06 points or 0.89%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 39,411.21, up 260.88 points or 0.67%.
- **S&P 500:** closed at 5,447.87, down 16.75 points or 0.31%.
- **Nasdaq Composite:** closed at 17,496.82, down 192.54 points or 1.09%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,288.46, down 17.64 points or 0.53%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,074.80, down 68.42 points or 1.33%.
- **U.S. Treasury 10-year note** closed at 4.25%.
- **U.S. Treasury 2-year note** closed at 4.71%.



Inflation Nowcasting PCE & Core PCE

Inflation Nowcasting

Month	PCE	Core PCE	Updated
May	2.62%	2.56%	24-Jun



US Retail Gas Price, Germany Ifo Business Climate Index, Germany Ifo Business Expectations Index & Germany Ifo Business Situation Index

	VAL
● US Retail Gas Price (I:USRGP)	3.556
● Germany Ifo Business Climate Index (I:GIBCI)	89.30
● Germany Ifo Business Expectations Index (I:GIBEI)	90.30
● Germany Ifo Business Situation Index (I:GIBSI)	88.30





The Magnificent 7: Amazon, Alphabet, Apple, Meta, Microsoft, NVIDIA & Tesla Stock Returns YTD 6.24.24

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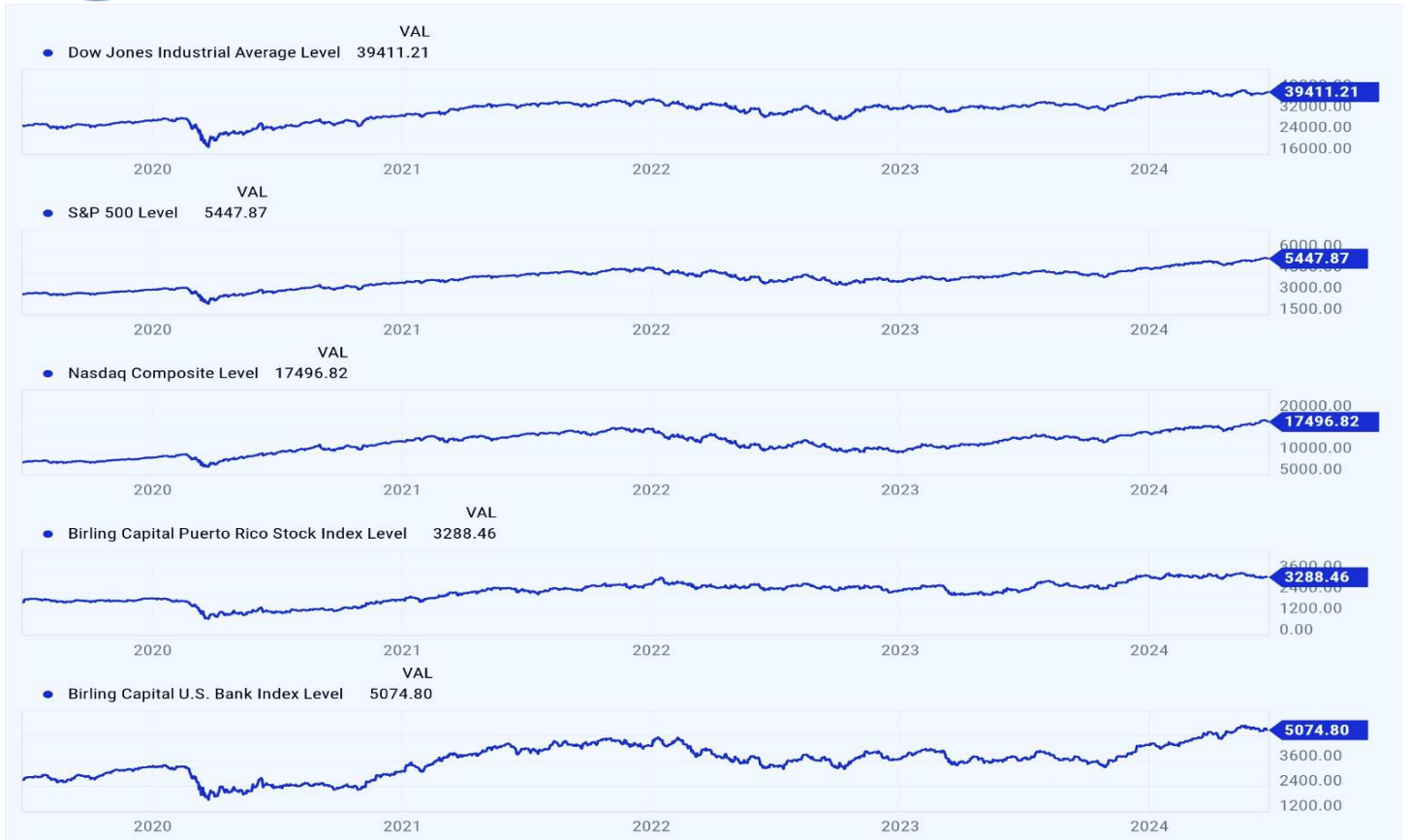
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Wall Street Update

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